



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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May 12, 1999

TO: Minerals File

FROM: Tony Gallegos, Senior Reclamation Specialist *aaJ*

RE: Meeting Documentation, Umetco Minerals, Calliham Mine, M/037/023, San Juan County, Utah

Date of Meeting: April 29, 1999
Time of Meeting: 0855 - 1030
Place of Meeting: Umetco Office, Dove Creek, Colorado (970) 677-2711
Participants: Tony Bates, Frank Barnett, Dan Johnson, Umetco Minerals; John Skidmore, Jack Calliham, Gerald Calliham, Private Land Owners; Tony Gallegos and Doug Jensen, DOGM

Purpose of Meeting: To discuss the possible transfer of portions of the Calliham large mine permit to private land owners.

We met to discuss transferring specific portions of the Calliham large mine permit from Umetco to the various land owners. Umetco currently has lease agreements with the land owners which include royalties, as well as reclamation requirements for certain structures or facilities after mining ceases. Umetco would like to reclaim the site or transfer the responsibility for the reclamation.

Umetco hopes to begin additional reclamation work at this site this coming fall 1999. Umetco may begin to reclaim those features on Umetco property, however, they would like to mobilize equipment once and perform all the reclamation they are responsible for. Features at the Calliham Mine which are on Umetco property include: the main mine portal, several waste dumps and a low grade ore pile. The features which the private land owners wish to retain include: power lines, poles and transformers, concrete pads, some structures, ventilation bore holes which are cased or uncased ranging in size from 30 inches to 7 feet in diameter. More specifically, we are talking about five ventilation bore holes; three on properties held by Jack and Gerald Calliham, and two on the property held by John Skidmore. The access roads to the bore holes or mine properties are easements on the private property and the land owners want the majority of these roads, if not all, to remain.

At the meeting we discussed the general requirements for a typical large mine permit transfer under the Division rules, the completion of a transfer form, and the posting of a reclamation bond.

For the Calliham Mine scenario, we would be transferring a portion of the large mine permit to three individuals or a partnership made of the three individuals, while Umetco reclaimed the remaining portions of the large mine permit. I stressed the point that the large mine areas to be transferred would have to be described by a complete and detailed mining and reclamation plan with accurate maps showing the current surface facilities and land ownership boundaries.

The private land owners were more interested in the possibility of transferring to a partnership rather than three individuals. This would eliminate two additional annual permit fees if they could do this. The land owners are interested in post mine use for some of the items like foundations, roads and some of the buildings. Umetco is interested in working with the land owners to either take care of the transfer paperwork or begin reclamation.

The private landowners were told that a large mine submission, even a transfer, would possibly take six months to process through the Division. That would be an optimistic estimate of the time required for approval, given the current backlog of permit reviews. The different types of reclamation surety accepted by the Division were discussed. These included a letter of credit, a surety bond, or a certificate of deposit. The letter of credit was generally easier for smaller companies or operators to obtain rather than a surety bond. The specific dollar amount of surety to cover the areas to be transferred is unknown at this time. An estimate of this amount could not be made until an itemized list of the features and surface area being transferred was available, in addition to the maps showing these features.

The landowners were given a copy of the large mine operations section of the rules, a copy of the large mine transfer form, and a copy of the most recent large mine operation notice of intention form. The land owners were told that when the transfer process reaches a point where we are ready to go to tentative approval, they, as the new operator, would need to complete a reclamation contract and a surety form. At that time we would provide them with the specific form for the type of reclamation surety they have selected (surety bond form, letter of credit form, etc.).

At the conclusion of the meeting, the land owners were asked to consider the requirements for transferring a portion of the Calliham permit and make a decision in the near future, although no specific time frames were given. Division and Umetco staff then proceeded to inspect the Calliham Mine and other Umetco sites as access conditions allowed, given the recent rains.

jb

cc: Tony Bates, Umetco
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